

Department of Social and Health Services

DP Code/Title: PL-9X Self Insurance Premium, experience
Program Level - 145 Payment to Other Agencies

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

Recommendation Summary Text:

Funding is required to respond to the new budget requirements for agency Self Insurance premiums.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	8,098,000	8,098,000	16,196,000
Total Cost	8,098,000	8,098,000	16,196,000

Staffing

Package Description:

The Governor and the Attorney General sponsored a Risk Management Task Force to renew efforts to better protect the public, mitigate loss and damages related to state services, and recommend ways to improve the state's risk management program.

The Risk Management Task Force focused on recommendations to improve loss prevention, mitigating risks when services are delivered. The Task Force's recommendation are below.

- 1) Establish statewide risk management responsibility at a policy level in state government by consolidating the statewide risk management function in the Office of Financial Management (OFM).
- 2) State agencies should be required to conduct post-incident reviews to provide recommendations about avoiding or reducing losses or incidents in the future. Follow-up reports on implementation or corrective measures should be submitted to the OFM.
- 3) State agencies experiencing significant losses or potential losses should appropriately equip service delivery staff to address those losses.
- 4) Agencies/programs with significant risk exposure should reach out to victims and communities.
- 5) Executive agencies, OFM and the Legislature should jointly develop mechanisms to assist and inform the Legislature about risks associated with new laws and lessons learned from incidents and cases.

Self insurance premiums for the Department of Social and Health Services (DSHS) have grown significantly over the last few biennia. In the previous biennia (1999-01) DSHS paid \$14.9 million. The current biennium (2001-03) premiums are \$38.7 million. The estimate for the 2003-05 biennium is \$54.9 million.

The department has implemented several changes over the last few biennia to help reduce incidents and keep clients and staff safe. Examples of these changes are:

- 1) Funding was provide in the 2001-03 budget for additional personnel that reduced caseloads for staff in Children's Administration.
- 2) The Mental Health Division has implemented numerous changes at the state hospitals with the goals of reducing staff assaults. Workplace safety plans have been developed and recommendations implemented that increase physical security.

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Additionally, the 2003-05 agency request budget includes request that are expected to further reduce risk. Examples include:

- 1) The Aging and Adult Services Administration request for additional Quality Assurance (QA) staff. If funded the QA unit would be able to increase the identification of abuse and fraud thereby reducing the incidence.
- 2) The Juvenile Rehabilitation Administration request to fully implement a treatment model throughout its continuum of care. The Integrated Treatment Model is based on documented research showing positive outcomes for youth and a decrease in their recidivism.
- 3) The Division of Alcohol and Substance Abuse request to implement the Criminal Justice Treatment Account (CJTA). CJTA funds are to be used to provide substance and abuse treatment and treatment support services to offenders who have drug or alcohol problems, and upon whom local prosecuting attorneys file charges. Funds may also be used for substance abuse treatment and support services provided through a Drug Court program.

Narrative Justification and Impact Statement

How contributes to strategic plan:

Performance Measure Detail

Goal: 01Z DSHS Accounts for Its Use of Public Dollars

Incremental Changes

Efficiency Measures

FY 1

FY 2

1ZB Number of annual claims awarded against the Department of
Social and Health Services.

-2

-5

Reason for change:

The state's projected outstanding claims liability drives statewide self insurance biennial funding levels. A recent actuarial report indicates that the state's total outstanding claims liability as of the end of the 2003-05 biennium will be \$428.9 million. The self insurance premium for the 2003-05 Biennium will need to include funding that will be sufficient to pay the actual amount of claims and defense cost that will be due during the biennium; this is estimated by OFM for DSHS to be \$54.9 million.

Impact on clients and services:

Not applicable

Impact on other state programs:

None

Relationship to capital budget:

Not applicable

Required changes to existing RCW, WAC, contract, or plan:

None

Alternatives explored by agency:

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No alternative have been explored.

Budget impacts in future biennia:

Impacts in future biennia will be determined by the OFM Risk Management Office.

Distinction between one-time and ongoing costs:

These cost are assumed to be ongoing.

Effects of non-funding:

Non funding would reduce the amount available for the needed services that DSHS provides to the citizens of Washington State.

Expenditure Calculations and Assumptions:

Amounts were provided by OFM.

See attachment 145 9X-PL Self Insurance Premium

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods And Services	8,098,000	8,098,000	16,196,000

DSHS Source Code Detail

Overall Funding	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources</u> <u>Title</u>			
0011 General Fund State	8,098,000	8,098,000	16,196,000
<i>Total for Fund 001-1</i>	8,098,000	8,098,000	16,196,000
Total Overall Funding	8,098,000	8,098,000	16,196,000